

**BY-LAWS
GRANBY SANITATION DISTRICT
GRAND COUNTY, COLORADO**

Section 1. Authority. The Granby Sanitation District is a governmental subdivision of the State of Colorado and a body corporate with powers of a quasi-municipal corporation which are specifically authorized by, and in compliance with, C.R.S. Section 32-1-101 et seq. (hereinafter sometimes referred to as the "Special District Act").

Section 2. Purposes. It is hereby declared that the by-laws hereinafter set forth will serve a public purpose and will promote the health, safety, prosperity, security and general welfare of the inhabitants of the Granby Sanitation District and that the same are necessary to insure and protect the health of the inhabitants within the District and to promote sanitation.

Section 3. Policies of the Board. It shall be the policy of Granby Sanitation District Board of Directors, consistent with the availability of revenues, personnel and equipment, to use its best efforts to provide sanitary services to the inhabitants and property owners within the District, as well as those properties outside of the District which the District has agree to provide wastewater treatment services to pursuant to agreement. It is hereby declared that the sanitary sewer system of the Granby Sanitation District primarily is for the purpose of the disposal of domestic wastes. Commercial, manufacturing or industrial wastes are allowable but only upon compliance with the Rules and Regulations. It is further declared that the sanitary sewer system of the District was not designed nor intended to be used for other purposes and the District was not intended to provide nor is it able to provide for receiving flood waters, surface drainages nor receiving the discharge of water from under-ground or above-ground sources, except as contaminated by human, domestic, commercial uses and upon special approval, industrial, and manufacturing uses as herein provided.

Section 4. Board of Directors. All powers, privileges and duties vested in, or imposed upon, the Granby Sanitation District (hereinafter referred to as "District") by law shall be exercised and performed by and through the Board of Directors (hereafter referred to as "Board") whether set forth specifically or impliedly in these by-laws.

Section 5. Office.

a. **Business Office.** The principal business office of the District shall be at 3493 Grand County Road 57, Granby, Colorado, unless otherwise designated by the Board.

b. **Establishing Other Offices and Relocation.** The Board, by resolution, may from time to time, designate, locate and relocate its executive and business office and such other offices as, in its judgment, are necessary to conduct the business of the District.

Section 6. Meetings.

a. Regular Meetings. Regular meetings of the Board shall be held on the second Wednesday of each month at 7:00 p.m. at the business office. The time and place for District meetings may be changed in accordance with the Special District Act.

b. Meetings Public. All meetings of the Board, other than executive sessions, shall be open to the public.

c. Notice of Meetings. Section 6.a. shall constitute formal notice of regular meetings to Board members, and no other notice shall be required to be given to the Board, other than the permanent posting. Notice of all regular meetings shall be posted in three public places in the District and at the Grand County Clerk and Recorder's Office at least seventy-two (72) hours prior to a regular meeting (the "72 Hour Notice"). In addition, notice of all meetings of a quorum of the Board at which any public business may be discussed shall be posted at a designated public location within the District no less than twenty-four (24) hours prior to said meeting (the "24 Hour Notice"). Whenever possible, the 24 Hour Notice shall include specific agenda information.

d. Special Meetings. Special meetings of the Board may be called upon seventy-two (72) hours notice, which shall be posted in three places within the District and at the County Clerk and Recorder's Office and notice given to each Director. In addition, the District shall provide the 24 Hour Notice referred to above for all special meetings.

Section 7. Conduct of Business.

a. Quorum. All official business of the Board shall be transacted at a regular or special meeting at which a quorum (i.e., three) of the Directors shall be present, except as provided in Section 7.b.

b. Vote Requirements. Any action of the Board shall require the affirmative vote of a majority of the Directors present and voting. When special or emergency circumstances affecting the affairs of the District and the health and safety of District residents so dictate, then those Directors available at the time may undertake whatever action is considered necessary and may so instruct the District's employees.

c. Order of Business. The business of all regular meetings of the Board shall be transacted, as far as practicable, in the following order:

1. Call to Order
2. Public Comment
3. Approval of Minutes
4. Approval of Bills

5. Financial Report
6. Hearings
7. Operations and Administration Reports
8. Other Reports
9. Other Business
10. Adjournment

d. Resolutions and Orders. Each and every action of the Board necessary for the governing and management of the affairs of the District, for the execution of the powers vested in the District, and for carrying into effect the provisions of Article I of Title 32, C.R.S., as amended, shall be taken by the passage of motions, orders or resolutions.

e. Minute Book. Within a reasonable time after passage, all orders, resolutions and motions and all minutes of Board meetings shall be recorded in a book kept for that purpose and shall be attested by the secretary. In addition, the secretary shall keep in visual text format that may be transmitted electronically those records and documents required by C.R.S. § 32-1-902, as amended.

Section 8. Directors, Officers and Personnel.

a. Director Qualifications and Terms. To qualify to act as a Director, a Director must be an eligible elector of the District. A Director's qualifications must be met at the time of (a) execution of a nomination petition, and (b) appointment by the Board if filling a vacancy, and must be maintained in order to remain qualified as a Director. The term of each Director shall be determined by relevant statutory provisions with elections held in even numbered years and conducted in the manner prescribed by Part 8 of Article I, Title 32, C.R.S., as amended. Each Director shall take an oath of office and, at the expense of the District, furnish a faithful performance surety bond in no less sum than \$1,000.00.

b. Oath of Office. Each member of the Board, before assuming the responsibilities of his office, shall take and subscribe an oath of office as required by the Colorado Special District Act.

c. Election of Officers. The Board of Directors shall elect a president, vice president, a secretary, (who may not be a Board member), and a treasurer, who shall be the officers of the Board of Directors and of the District. The officers shall be elected by a majority of the Directors voting at said elections. The election of the officers shall be conducted biennially at the first regular meeting of the Board following the regular biennial election of the Directors held in May of even numbered years. Each officer so

elected shall serve for a term of two years, which term shall expire upon the election of their successor or upon their reelection to that office.

d. Vacancies. Any vacancy occurring in any office shall be filled for the unexpired term in the same manner as is provided for the election of full-term officers. Any vacancy of the Board shall be filled by appointment by the remaining Directors as prescribed by statute.

e. President and Chairman/Vice President. The president shall be the chairman of the Board and preside at all meetings; he shall also be the chief executive officer of the District. Except as otherwise authorized, the president shall sign all contracts, deeds, notes, debentures, warrants and other instruments on behalf of the District. The president can make motions and can vote. A vice president shall perform the president's functions in the president's absence.

f. Secretary. The secretary shall keep the records of the District; may act as secretary at meetings of the Board and record all votes; shall compose a record of the proceedings of the Board in a minute book kept for that purpose, which shall be an official record of the Board; shall perform all duties incident to that office; and shall keep in visual text format that may be transmitted electronically those records and documents required by C.R.S. § 32-1-902, as amended. The secretary shall be custodian of the seal of the District and shall have the power to affix such seal to and attest all contracts and instruments authorized to be executed by the Board.

g. Treasurer. The treasurer shall keep or cause to be kept strict and accurate accounts of all money received by and disbursed for and on behalf of the District in permanent records. He shall file with the Clerk of the Court, at the expense of the District, a corporate fidelity bond in an amount determined by the Board of not less than \$5,000.00, conditioned on the faithful performance of the duties of his office. The District shall retain a bookkeeper or accountant for the District's accounting functions.

h. Additional Duties. The officers of the Board shall perform such other duties and functions as may from time to time be required by the Board, by the by-laws or rules and regulations of the District, or by special exigencies, which shall later be ratified by the Board.

i. Superintendent and District Administrator. The Board shall appoint a Superintendent and a District Administrator to serve for such term and upon such conditions, including salary, as the Board may establish. The Superintendent and the District Administrator shall have general supervision over the administration of the affairs, employees and business of the District and shall be charged with the hiring and discharging of employees and the management of District's properties. The duties of the Superintendent, District Administrator and the other employees of the District are discussed in greater detail in the District's Personnel Rules.

j. Personnel Selection and Tenure. The selection of agents, employees, engineers, accountants, special consultants and attorneys of the District by the Board will be based upon the relative qualifications and capabilities of the applicants and shall not be based on political services or affiliations. Agents and employees shall hold their offices at the pleasure of the Board. Contracts for professional services of engineers, accountants, and special consultants and attorneys may be entered into on such terms and conditions as may seem reasonable and proper to the Board.

k. Compensation. Each director may receive compensation for the director's service in the amounts provided in C.R.S. § 32-1-902, as amended. No Director shall receive compensation as an employee of the District. A director may also be reimbursed for actual expenses, including mileage and out-of-pocket expenses incurred in service as a director.

Section 9. Financial Administration.

a. Fiscal Year. The fiscal year of the District shall commence on January 1 of each year and end on December 31.

b. Budget Committee. The District's Administrator and bookkeeper or accountant shall constitute the District's budget committee.

c. Budget. No later than October 15 of each year, the Budget Committee shall prepare and submit to the Board a proposed budget for the ensuing fiscal year. Such proposed budget shall be accompanied by a statement which shall describe the important features of the budget plan and by a general summary wherein shall be set forth the aggregate figures of the budget in such manner as to show the balanced relations between the total proposed expenditures and the total anticipated income or other means of financing the proposed budget for the ensuing fiscal year, as contrasted with the corresponding figures for the last completed fiscal year and the current fiscal year. It shall be supported by explanatory schedules or statements classifying the expenditures contained therein by services, subjects and funds. The anticipated income of the District shall be classified according to the nature of receipts.

d. Notice of Budget. Upon receipt of such proposed budget, the Board shall cause to be published a notice that the proposed budget is open for inspection by the public at the business office; that the Board will consider the adoption of the proposed budget on a certain date; and that any interested elector may inspect the proposed budget and file or register any objections thereto at any time prior to its final adoption.

e. Adoption of Budget. On the day set for consideration of such proposed budget, the Board shall review the proposed budget and revise, alter, increase or decrease the items as it deems necessary in view of the needs of the District and the probable income of the district. The Board shall then adopt a budget setting forth the expenditures to be made in the ensuing fiscal year. The Board shall provide for sufficient revenues to

finance budget expenditures with special consideration given to the proposed ad valorem tax levy before tax is levied. The Board also may continue the public hearing if necessary.

f. Levy and Collection of Taxes. On or before December 15th of each year, the Board shall certify to the Board of County Commissioners of the mill levy established for the ensuing fiscal year, in order that, at the time and in the manner required by law for the levying of taxes, such Commissioners shall levy such tax upon the assessed valuation of all taxable property within the District.

g. Filing of Budget. Within 30 days of adoption of the budget, the Board shall cause a certified copy of such budget to be filed with the Division of Local Government in the Department of Local Affairs.

h. Appropriating Resolution.

(1) At a meeting held before January 1st of the ensuing fiscal year, the Board shall enact a resolution making appropriations for the ensuing fiscal year. The amounts appropriated thereunder shall not exceed the amounts fixed therefor in the budget adopted pursuant to Section 9.e.

(2) The income of the district, as estimated in the budget and as provided for in the tax levy resolution and other revenue and borrowing resolutions, shall be allocated in the amounts and according to the funds specified in the budget for the purpose of meeting the expenditures authorized by the appropriation resolution.

(3) The Board may make an appropriation to and for a contingent fund to be used in cases of emergency or other unforeseen contingencies.

i. No Contract to Exceed Appropriation. The Board shall have no authority to enter into any contract, or otherwise bind or obligate the District to any liability for payment of money for any purposes, for which provision is not made in the appropriation resolution, including any legally authorized amendment thereto, in excess of the amounts of such appropriation for that fiscal year. Any contract, verbal or written, contrary to the terms of this sub-section shall be void ab initio, and no District funds shall be expended in payment of such contracts.

j. Annual Audit.

(1) The treasurer shall cause an annual audit to be made at the end of the fiscal year of all financial affairs of the District through December 31st of such fiscal year. In all events, the audit report must be submitted to the District within six months of the close of such fiscal year. Such audit shall be conducted in accordance with generally accepted auditing standards by a registered or certified

public accountant, who has not maintained the books, records, and accounts of the District during the subject fiscal year. The auditor shall prepare, and certify as to its accuracy, an audit report, including a financial statement and short form balance sheet based on such audit, an unqualified opinion or qualified opinion with explanations, and a full disclosure of violations of state law, pursuant to statutory requirements.

(2) A copy of the audit report shall be maintained in the District office as a public record for a public inspection at all reasonable times.

(3) The treasurer shall forward a copy of the audit report to the State Auditor or other relevant state official, pursuant to statutory requirements, within thirty days following receipt of the audit.

Section 10. Corporate Seal. The seal of the District shall be a circle containing the name of the District and shall be used on all documents and in such manner as seals generally are used by public and private corporations. The secretary shall have custody of the seal and shall be responsible for its safe keeping and care.

Section 11. Conflict of Interest. Any Director who is present at a meeting at which is discussed any matter in which he or she has, directly or indirectly, a private pecuniary or property interest or other conflict of interest shall disclose such interest to the Board. Unless such Director has disclosed the conflict of interest to the Colorado Secretary of State and to the Board, in accordance with all statutory requirements, such Director shall not vote on the issue and shall further refrain from advocating for or against the matter.

Section 12. Indemnification of Directors and Employees. The District shall defend, hold harmless and indemnify any Director, officer, agent or employee, whether elective or appointive, against any tort or liability, claim or demand, whether groundless or otherwise, arising out of any alleged act or omission occurring during the performance of duty. The District may compromise and settle any such claim or suit and/or pay the amount of any settlement or judgment rendered thereon.

a. For the purposes of this Section 12 only, the following definitions shall apply.

(1) "Employee". The term "employee" means a director, officer, employee or servant (hereinafter collectively referred to as "employee") of the District, whether or not compensated, elected or appointed. The term "employee" specifically excludes any person or organization contracting to perform services or acting for the District as an independent contractor.

(2) "Performance of Duty". The term "performance of duty" shall be interpreted as broadly as possible to include any situation in which a District employee could conceivably be deemed to be acting within the scope of his employment. It shall specifically extend to all employees who are providing

service on a voluntary basis or otherwise to any private, corporate, or governmental party other than the District, when doing so with the appropriate consent and authorization from the District. The term "performance of duty" shall not include any act or omission constituting deliberate and intentional tortious or criminal conduct, or malfeasance in office, or willful or wanton neglect of duty.

b. The District reserves the right to designate the attorney appointed to defend any employee in any tort or liability action instituted pursuant to this Section 12.

c. The District agrees to indemnify any employee up to, but not to exceed, the amount of \$140,000.00 for any injury to one person in any single occurrence with an aggregate limit of \$400,000.00 for any injury to two or more persons in any single occurrence, or in the maximum amounts otherwise specified under the Colorado Governmental Immunity Act (Article 10 of title 24, C.R.S., as amended). The District specifically reserves any defenses which are made available to the District or its employees by said Governmental Immunity Act.

d. All claims to be paid pursuant to this Section 12 shall be paid by the District or its insurer. Any judgment or settlement of a claim against the District shall be paid in accordance with the provisions of said Governmental Immunity Act.

e. No defense or indemnification shall be provided by the District to any employee in any of the following circumstances.

(1) If the employee willingly and knowingly fails to notify the District, within a reasonable time, of any incident or occurrence which he might reasonably expect to result in a claim of tort liability against him or the District.

(2) If any employee fails to notify the District of any notice of claim or summons and complaint served upon him commencing a suit for damages reimbursable pursuant to this Section 12; such notice shall be given to the District within fifteen business days of its service upon the employee.

(3) If an employee fails to exercise reasonable efforts to notify the District of any claim which is informally asserted against him for damages reimbursable pursuant to this Section 12.

(4) If an employee refuses to cooperate with an investigation or defense of any lawsuit by the District, or its insurer, or by any private attorney employed by the District to furnish the defense to said employee, or any private investigator hired by the District to investigate such tort or liability claim.

f. If the District or the employee against whom a claim reimbursable hereunder is asserted has any other valid insurance, bond or indemnification plan available covering the loss or damage alleged against him, such insurance, bond or other plan will be first

applied to the payment of any claim. In such event, the obligation of the District to indemnify and hold harmless the employee shall exist only for liability incurred in excess of such other coverage.

g. In the event of any payment made pursuant to this Section 12, the District shall be subrogated to all of the employee's rights of recovery therefor against any person or organization, and the employee shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights of subrogation. The employee shall do nothing to prejudice such rights.

h. No assignments of indemnification shall be permitted without the written consent of the District, signed by the President, and no such assignment shall bind the District unless such written consent is given prior to assignment. If, however, the employee shall die, the benefits of this Section 12 shall be available to, and apply fully to, the employee's legal representative, but only while acting within the scope of his duties as such.

i. Any defense and indemnification available to an employee under this Section 12 shall continue to be available after the termination of his employment, office or tenure if the act or omission causing such liability occurred during the course of his duties while an employee of the District. Such defense and indemnification shall not be available to a former employee, however, in the event that the tort or liability claim against him is asserted as a counter-claim or set-off in any suit brought by the employee, except the extent that the liability of such employee may exceed the amount of his own claim or suit.

j. The provisions of this Section 12 shall be subject to and, to the extent of any inconsistency therewith, shall be modified by said Governmental Immunity Act.

Section 13. Bidding and Contracting Procedures. The District shall comply with the Special District Act and other applicable federal and state law when contracting with third parties.

Section 14. Powers of the Board of Directors. Without restricting the general powers conferred by law, it is hereby expressly declared that the Board shall have the following powers and duties:

a. To confer upon any appointed officer of the District the power to choose, remove or suspend employees or agents upon such terms and conditions as may seem fair and just and in the best interests of the District.

b. To determine and designate, except as otherwise provided by law or these by-laws, who shall be authorized to make purchases, negotiate leases for office space, and sign receipts, endorsements, checks, releases and other documents.

c. To create standing or special committees and to delegate such power and authority thereto as the Board deems necessary and proper for the performance of such committee's functions and obligations.

d. To prepare financial reports, other than the statutory audit, covering each year's fiscal activities; and said report, if requested, shall be submitted to the Board and made available for inspection by the public.

Section 15. Modification of By-Laws. These by-laws may be altered, amended or repealed at any regular meeting or at any special meeting of the Board called for that purpose.

Section 16. Savings Clause. If any clause or provision of these by-laws is judicially determined to be illegal, invalid or unenforceable under present or future laws, the remainder of these by-laws shall not be affected.

ADOPTED this 9th day of December, 2009 by the Board of Directors of the Granby Sanitation District.

GRANBY SANITATION DISTRICT

By: David Johnson
President and Chair

ATTEST:

Wayne Kalay
Secretary